Enterprise & Society (2024), 1–27
doi:10.1017/eso.2024.21

ARTICLE

Globalization or Empire? Revolution, the State, and the Geopolitics of Chinese Debt, 1895–1914

Matthew P. Fitzpatrick

Via an investigation of the collaboration between banks and foreign offices, this article demonstrates that the restructuring of China's state debt before and after the revolution of 1911 was not simply a part of Chinese globalisation undertaken under the benign stewardship of foreign banks. Rather, the contest for Chinese loans reflected a power struggle for regional hegemony between expansionist states that hinged on both competition and cooperation, as well as Chinese attempts to preserve their economic and territorial sovereignty. It further shows that the notion that financial institutions operated independently of the state does not reflect the clear record of close coordination between states and financial institutions during loan negotiations.

Keywords: history of banking; international history; imperial history; European history; Chinese history

Twenty years ago, Hans van de Ven invited scholars to consider the need to "globalise" Chinese history. Thinking of Chinese history through the lens of globalization, he argued, could "provide a new and refreshing perspective," one that "invites us to think not in terms of binary dichotomies between China and the West, but of networks, interaction, mutual exploitations, and rupture."[1] This welcome approach that sought to reconnect China to the broader narratives of international history came, however, with a sting in its tail. To illustrate the potential of this new global history, van de Ven pointed to institutions such as the late Qing period Maritime Customs Service and the Salt Inspectorate (the salt gabelle) as institutions that "contributed to the globalization of China," assisted by international financial institutions that had "created new opportunities for borrowing." Western financial interventions, he argued, had "revitalised Chinese networks and practices."[2]

Email: matthew.fitzpatrick@flinders.edu.au

1. van de Ven, "Globalizing Chinese History," 1–5.
2. van de Ven, "Globalizing Chinese History," 3.

Many historians have embraced this approach.[3] As this article demonstrates, however, there might be a different way to approach the history of globalization and the place of China and international financial institutions within it. This alternative history of globalization is one that recalls that globalization in the late nineteenth and early twentieth centuries existed within an international system that accepted global inequalities in political and economic sovereignty as both normal and desirable. Rather than emphasize China's rescue by strictly business-minded European financial institutions, a different history of Chinese globalization might stress the structurally unequal relations between the Chinese state and the combined weight of its foreign creditor banks, supported by their respective foreign offices. While noting the various avenues for agency and sovereignty pursued by the Chinese, this history of Chinese foreign loans prior to and after 1911 might identify something other than the blossoming of politically neutral global economic flows. Instead, the effects on China of the globalization of capital flows might emerge as an example of coercive, multidirectional international diplomacy that expressed the economic and territorial ambitions of expansionist states working in tandem with banks that responded to political as well as economic imperatives. Underneath the sanguine history of globalization, this alternative view holds, historians might find expansionist powers seeking to secure their hegemony over China through financial controls, an economic prelude to what was believed to be a coming scramble for China.

Far from a later interpolation of past events, this global structure of naturalized inequality was also recognized at the time, where the tactics being applied to the Chinese economy were recognized by senior Chinese figures, such as Tang Shaoyi and Sun Yatsen, as an attempt to reduce China to the type of debt peonage that had thoroughly eroded the sovereignty of states such as Egypt and Persia prior to World War I.[4] It was a situation that also led the Indian nationalist Benoy Kumar Sarkar to remark that "the sovereignty of the Chinese republic *de facto* is… a thing that does not exist except in the imagination of China's patriots or in the hallucination of the world's political idealists who do not want their pious wishes to be disturbed by the dry light of *Realpolitik*."[5]

The Innocence of the Market?

The historiographical pendulum has swung a long way on the question of Chinese debts. Forty years ago, historians found it necessary to plead that surely at least some commercial considerations had played a role in what were often seen as primarily state decisions regarding Chinese loans, with states seen as using the banks to ventriloquize their foreign policy objectives.[6] At this time, it was seen as a truism that "international economic relations are always political… one cannot really distinguish between wealth… and power as national

3. See, for example, Ghassan Moazzin, *Foreign Banks and Global Finance in Modern China*; Geoffrey Jones, *Entrepreneurship and Multinationals.*

4. For the complicated relationship between foreign loans and imperial control over Egypt, see Tunçer, "Foreign Debt and Colonization in Egypt and Tunisia," 73–93. On the imperial complexion of British and Russian loans to Persia, see Greaves, "British Policy in Persia," 284–307.

5. Sarkar, "The International Fetters of Young China," 348.

6. Davis, "Financing Imperialism," 236–264.

https://doi.org/10.1017/eso.2024.21 Published online by Cambridge University Press

goals."[7] In some recent business histories, however, the notion that the foreign offices of expansionist states were central to commercial loan negotiations has entirely slipped from view in favor of a "primacy of the market" narrative. Despite some recognition that global financial matters might be linked to coercive statecraft and asymmetries of power in the present,[8] the fact that states viewed loan negotiations as a site for the conduct of their rival expansionist foreign policies prior to World War I has been elided in favor of an argument that commercial and financial imperatives were effectively insulated from any state interference. As Pierre Pénet and Juan Flores Zendejas have recently observed, in a "suboptimal development in recent scholarship… economic historians have engaged with colonialism only reluctantly or *en passant*."[9]

For some neo-Schumpeterian historians, such as Andrew Smith and Maki Umemura, the conduct of foreign banks, in particular the multinational banking consortium that emerged in China at the time of the 1911 revolution, represents a triumph of the capacity of financial bodies to transcend nationalism and national competition in the common pursuit of loftier commercial objectives. Such "cosmopolitan capitalism," they have claimed, sought only to foster the benign qualities of "travel, trade and tolerance" in China.[10] Geoffrey Jones too has argued that foreign banks were simply "facilitators of globalization," working alongside states only to ensure the "forcible removal of political barriers to globalization" and to import new institutions that were friendlier to attributes conducive to "entrepreneurship."[11] Under this overly sanguine reading of the mechanics of pre-1914 international commerce, any discussion of the structural inequalities purposively engendered by the commercial and diplomatic actions of global empires is termed, without evidence, "ahistorical." Late period imperialism immediately prior to World War I, Jones contends, should not be seen through the lens of "the highly exploitative first stages of European colonialism," because, apparently, "colonialism changed greatly over time." According to Jones, instead of financial institutions working closely with foreign states to restructure political conditions in China in line with their interests and imposing new structural impediments to Chinese sovereignty, consortia such as those financing Chinese debt were engaged in the benign process of replacing anticapitalist "values" with new capitalist ones, by breaking down the apparently antibusiness Chinese cultural aversions to individualism, the global market and risky financial behavior.[12]

Benn Steil and Manuel Hinds are similarly upbeat about the historical effects of the international finance market. Determined to address the challenges to its "legitimacy" posed by those "tarring globalization with charges of sovereign usurpation," Steil and Hinds offer a history of international capital flows that does not mention its close relationship with empires.[13] Instead, they position global capital flows as a form of "commerce-driven cosmopolitanism" and seek to refute the view that globalization "violates fundamental tenets

7. Strange, "The Study of Transnational Relations," 337.

8. On the leveraging of financial controls in contemporary statecraft, see Eichengreen, "International Finance and Geopolitics"; Patrick Emmenegger, "The Long Arm of Justice."

9. Pénet, Zendejas, "Introduction: Sovereign Debt Diplomacies*,"* 9.

10. Smith and Umemura, "The Defence of Cosmopolitan Capitalism by Sir Charles Addis," 1666–1683.

11. Jones, *Entrepreneurship and Multinationals*, 4.

12. Jones, *Entrepreneurship and Multinationals*, 23.

13. Steil and Hinds, *Money, Markets and Sovereignty*, 2.

of sovereignty… undermines culture… distributes wealth unfairly [and] destroys nations."[14] In a lengthy work that encompasses everything from Socrates and classical Stoicism to the medieval *Lex Mercatoria*, they pass over the centuries long history of global empires and imperialism in silence, despite its centrality to the spread of global commerce. They mention colonialism only once and then only to chastise Branko Milanovic for taking "a few crude swipes" at it.[15]

With far more nuance and analytical depth, Ghassan Moazzin too has recently expressed doubts about the extent to which "foreign banks essentially acted in congruence with, and as part of, the imperialist policies of foreign governments."[16] More bluntly, he seeks to cast doubt on what he calls "the imperialism paradigm,"[17] the position of an earlier literature that viewed foreign banks operating in China "mainly as part of foreign imperialism."[18] While rightly highlighting the involvement and agency of local Chinese players in shaping foreign loans, Moazzin arguably overcorrects by suggesting that foreign banks were relatively apolitical instruments of economic globalization that "connected the Chinese economy to Western economies and facilitated its financial integration into the first global economy."[19] Rather than operating with reference to geopolitical or imperial aims, he suggests, these banks simply sought to manage the political risk of revolutionary times to ensure both China's suitability for foreign credit and thereby their own profitability.[20] Other historians have argued along similar lines.[21]

That foreign banks were interested in fostering their preferred form of political stability in China as a means of protecting their current and future business in the region is certainly true. So too, Moazzin's point that Chinese banks and intermediaries were also heavily involved in trying to shape the processes and the financial environment within China (for example, by extracting a lower rate of interest or circumventing monopolistic loan conditions meant to restrict their ability to choose their international creditors) is also quite correct and an important insight into Chinese agency.[22] It also corresponds to the post–Bretton Woods attempts by decolonized countries in analogous situations to mitigate the impacts of structural adjustment programs on national sovereignty.[23] This recognition must be tempered, however, by the structural fact that neither China's state nor its financial sector was in any position to withstand the combined pressure of foreign banks supported by their foreign offices. While the Chinese state sought to remedy this through financial centralization after 1895, these reforms had the effect of significantly weakening the private Chinese *piaohao* (draft bank) sector. After these government reforms, such banking became too risky and far less lucrative.[24] The

14. Steil and Hinds, *Money, Markets and Sovereignty*, 38
15. Steil and Hinds, *Money, Markets and Sovereignty*, 54.
16. Moazzin, "Networks of Capital," 798; Moazzin, *Foreign Banks and Global Finance in Modern China*, 6.
17. Moazzin, *Foreign Banks and Global Finance in Modern China*, 7.
18. Moazzin, *Foreign Banks and Global Finance in Modern China*, 4.
19. Moazzin, *Foreign Banks and Global Finance in Modern China*, 4; Moazzin, "Networks of Capital," 798–800.
20. Moazzin, "Investing in the New Republic," 507–534.
21. Ma, "Financial Revolution in Republican China during 1900-1937," 242–262; Ho and Li, "Credit Building in the Sovereign Debt Market," 675–702.
22. Moazzin, "Sino-Foreign Business Networks," 970–1004.
23. Fraser, "Aid Recipient Sovereignty in Historical Context," 45–73.
24. Wang, *Chinese Hinterland Capitalism and Shanxi Piaohao.*

revolution further encouraged the investors behind the *piaohao* to place their money in securer investments.[25] The same is true of the *qianzhuang* banks that were more firmly exposed to the vicissitudes of foreign investment. The 1910 crash had left only 36 of these still operating, as Andrea McElderry has shown, and the revolution of 1911 saw "another fourteen or fifteen close their doors."[26] As Lan Rixu bleakly put it, "the mortality rate of Chinese banks from 1897 to 1911 was 59%, that from 1912 to 1916 was 67%, and that from 1917 to 1927 was 74%."[27]

As the following shows, while the cooperation of banks across several nations with some Chinese players offers a sheen of collective purpose and commercial cosmopolitanism, what the loan negotiations most obviously evince is the incredibly close work between foreign banks and their governments to attach political, economic, and even geostrategic strings to China's postrevolutionary loans. This is particularly evident in the 1913 Reorganization Loan, where both bankers and governments sought to safeguard the economic interests of the banks and the political objectives of the states from which these banks emanated. Making the point not for the first time, but at a time when some important elements of the history of globalization are at risk of being glossed over, the following revisits the question of Chinese loans to clarify the role and nature of state intervention. Contrary to the Schumpeterian axiom that a "capitalist world… can offer no fertile soil to imperialist impulses,"[28] it suggests that events in pre- and postrevolutionary China demonstrate clearly that foreign banks, as Boris Barth once wrote, were not merely politically disinterested financial entities but instead worked "hand in hand with their embassies' to achieve both commercial and geopolitical goals".[29] Despite clear differences in their precise goals, the representatives of both international capital and expansionist states worked together closely to place concrete limits on the economic, political, and even territorial sovereignty of the Chinese state.

Toward Debt Peonage

China's financial position in the two decades prior to the 1911 revolution was extremely precarious and characterized by an increasing dependence on foreign loans required to prop up both China's central government expenditure and provincial finances.[30] While several loans had been raised to fund China's rapidly expanding railway network, the most profound leap into the financial dark came when China was forced to raise enormous international loans to cover the indemnity imposed on the Chinese after the Sino-Japanese War. As Baomin Dong and Yibei Guo have stressed, the consequences for the Chinese economy of attempting to pay the imposed indemnity without international loans would have been "catastrophic."[31] For foreign banks, however, the indemnity offered an opportunity to place themselves at the center of Chinese

25. Cheng, *Banking in Modern China*, 38, 184.
26. McElderry, "Securing Trust and Stability," 27–44.
27. Rixu, *Transformation of China's Modern Banking System*, 186.
28. Schumpeter, *Imperialism and Social Classes*, 90.
29. Barth, *Die deutsche Hochfinanz und die Imperialismen*, 387.
30. For an overview, see Moazzin, *Foreign Banks and Global Finance in Modern China*, 190–193.
31. Dong and Guo, "The Impact of the First Sino-Japanese War Indemnity," 15–26.

https://doi.org/10.1017/eso.2024.21 Published online by Cambridge University Press

economic life. It was at this point, as David JS King has shown, that "government business with the Chinese began on a large scale" for international banks such as the Hongkong and Shanghai Banking Company (HSBC) and the Deutsch-Asiatische Bank (DAB).[32]

The Sino-Japanese War indemnity was financed through three large loans from foreign banks.[33] As collateral for the loans, China had no choice but to nominate its lucrative maritime customs income.[34] The first loan of 400 million Francs (£15.8 million) at a rate of 4% interest was arranged by a syndicate of six French and four Russian banks. With Russia and France having staked their claim early, German and British banks, in concert with their foreign offices, undertook in the London Agreement of 1895 to coordinate their interests in China to ensure their future primacy.[35] The agreement, made on the "principle of parity" between the two banks, covered "all loans and advances" to both the Chinese Imperial Government and China's provinces. "Any business" the agreement continued, "must be dealt with jointly" unless either party decided not to participate in any particular loan, in which case, the other bank was free to act alone.[36] As a result of this agreement, HSBC and the DAB would underwrite numerous loans,[37] most significantly the second and third Sino-Japanese indemnity loans totaling £32 million (£16 million at 5% plus £16 million at 4.5%).[38] At the core of these loans lay not altruistic developmentalism or even a simple desire for profit but the need to dislodge Russia and France from the center of Chinese economic and political decision making. As Britain's Minister to China Claude MacDonald commented in January 1897, "the interests of England and Germany in China were so similar and were so suffering and threatened at present, that their policy in this one field should be to pull together." This would, he continued, give China "a means of increased revenue and restoration of credit, and to England and Germany each a fair field." Most importantly, however, it would also "prevent the otherwise inevitable introduction of the exclusion policy of Russia and France. United, England and Germany were strong, disunited powerless."[39]

As Aleš Skřivan Snr and Aleš Skřivan Jnr have argued, this international contest for Chinese loans was fierce, a veritable "financial battle for Peking" in which banks from Britain, Germany, France, and Russia understood that loans were increasingly a path to economic and political hegemony in China. At the same time, fierce diplomatic battles following the German seizure of territory in northern China led to the delineation of spheres of influence by all of the powers in China.[40] Against a backdrop where loan conditions were expressly linked in

32. King, "The Hamburg Branch: The German Period, 1889-1920," 520; Maria Möring, "Die Chinesischen Anleihen von 1896 und 1898," 180–184.

33. Discussed here are only loans related to the indemnity. For a table of all foreign loans pertaining to the Sino-Japanese war period, see Zhengping, *A Brief History of Foreign Debt in China*, 26.

34. van de Ven, *Breaking with the Past*, 134.

35. Skřivan and Skřivan, "The Financial Battle for Beijing," 476–503.

36. HSBC and DAB Agreement, July 27, 1895 in *HSBCA* HQ LOHII 0076a.

37. For a list of loans, see *HSBCA* HQ HSBCG 0002-0006. Some future railway loans were excluded from the agreement after 1897.

38. Skřivan and Skřivan, "The Financial Battle for Beijing," 476–503; Bauert-Keetman, *Unternehmens-Chronik*, 138.

39. Colquhoun to Jackson, January 22, 1897, in *HSBCA* HQ HSBCG 0005-0034.

40. Skřivan and Skřivan, "British Interests and the Struggle of Russian and France for Leases and Spheres of Influence in China," 147–165.

https://doi.org/10.1017/eso.2024.21 Published online by Cambridge University Press

negotiations to these spheres as well as demands for harbour and railway concessions and external control over Chinese state finances, it had become abundantly clear even before the Boxer Uprising "to what extent trade and particularly financial affairs had taken on political importance."[41] According to Chen Zhengping, "since the creditor country could secure political and economic privileges, Russia, France, Britain and Germany were in particularly intense competition to make loans, even threatening to use force."[42]

The fiscal position of the Chinese Empire was once again considerably worsened by the outcome of the Boxer War, which saw the Chinese Empire saddled with yet another exorbitant indemnity of roughly £67.5 million, an astronomical amount that was double that expected by the Inspector-General of Chinese Maritime Customs, Robert Hart.[43] The heavily inflated indemnity was (perhaps by design) unpayable save through loans organized by foreign banks. In turn, these banks demanded loan conditions that increased direct foreign control over China's maritime customs and redirected domestic tariffs away from the provinces into loan repayments.[44] Far from settling rebellious sentiment in China, these financial strictures led to both resistance and an abyss of bitterness" throughout China.[45]

Unlike loans for infrastructure (such as railway loans) designed to modernize infrastructure and create the preconditions for Chinese economic and industrial modernization, these indemnity loans offered China nothing beyond a steep pathway into intergenerational debt. As a result, as Hirata Koji has pointed out, "more than half that the Qing demanded from its provinces and Maritime Customs was consumed by repayments to foreign creditors."[46] It is unsurprising, therefore, that the indemnity loans figure in Chinese historiography as "imperialist ultra-economic plunder… violent looting the imperialists carried out against China on an unimaginably large scale."[47] Even historians seeking to emphasize the salutary effects of marketization in early twentieth century China have admitted that "the relative political autonomy" exercised by foreign creditors over the Maritime Customs was "fundamentally Western and colonial," and acted to "constrain (as well as undermine) China's political control at the centre."[48]

After the settlement of the Boxer indemnity but prior to the 1911 revolution, loans from foreign banks evinced both foreign cooperation and competition as well as the close involvement of the foreign offices of the prospective creditor nations vying for loans. A railway loan for £2 million that was mooted in August 1905, for example, saw the DAB working closely with

41. Skřivan and Skřivan, "The Financial Battle for Beijing," 503.
42. Zhengping, *A Brief History of Foreign Debt in China*, 28.
43. King, "The Boxer Indemnity – 'Nothing but Bad,'"668–669.
44. van de Ven, *Breaking with the Past*, 134; King, 'The Boxer Indemnity', 670–671. In case the US directive to divert its (excessive) share of the indemnity to education be viewed simply as an example of benevolent internationalism, it is worth remembering that here too the Chinese, who would have preferred financial assistance with their financial sector, were made "vulnerable to threats that the remission might never take place unless they satisfied Washington's preconditions." This initiative, according to Michael Hunt, "reflected not so much American generosity and Chinese gratitude" as an "obvious disparity in bargaining strengths." Hunt, "The American Remission of the Boxer Indemnity: A Reappraisal," 209.
45. Zhengping, *A Brief History of Foreign Debt in China*, 35.
46. Koji, "Britain's Men on the Spot in China," 904.
47. Zhengping, *A Brief History of Foreign Debt in China*, 35–36.
48. Ma, "Financial Revolution in Republican China during 1900-1937," 243–244, 259.

https://doi.org/10.1017/eso.2024.21 Published online by Cambridge University Press

the German Foreign Office, to see firstly whether such a loan fitted with German foreign policy and secondly whether the German Foreign Office might help the bank in ensuring that one of the conditions for the loan might be that German firms play a central role in the railway's construction, to ensure that "this business doesn't simply fall into the hands of the English."[49] At the same time as this form of competition continued, the Anglo-German consortium contrived via negotiations marked by the "subtle interdependency of financiers with governments,"[50] to minimize competition from other smaller (often undercapitalized) banks from nations, such as Belgium, Austria-Hungary, Japan, and Russia, often backed by their governments, who were seeking to make inroads of their own.[51] This saw the maintenance of Anglo-German economic dominance but not an absolute monopoly on China's foreign debt. In percentage terms, the total indebtedness of the Qing government up to 1911 was divided between Britain (41%), Germany (22%), France (14%), Russia, (7.5%), Belgium (6.5%), and the United States (3%).[52]

By 1911, however, the arrangement between HSBC and DAB had come under attack from players outside the consortium looking to either compete or to join them. For reasons of political expediency, the group sought to placate protests from France and the US about an apparent banking monopoly by expanding to include the Banque de l'Indo-Chine in May 1909 and a US group headed by J.P. Morgan in November 1910. The result was the Group of Four consortium that in April of 1911 would jointly seek to mount a loan to finance far-reaching currency reform in China.[53] This new arrangement was bemoaned by Britain's *Financial Times*, which regretted the loss of the days when "an agreement between the English and German banks was sufficient to bring about a community of interest in the matter of lending."[54]

As the *Financial Times* also observed, the growing capacity of the consortium to penetrate Chinese affairs did not go unnoticed inside China, with the government rightfully wary of the foreign banks' behavior. Gone were the days when "the Chinese were content to grant loans upon terms dictated by the banks," the paper argued. Instead, "local feeling" had been aroused, which "rendered loan operations much more difficult."[55] In particular, the insistence that any loan expenditure by China be countersigned by bank representatives rankled with Peking, which viewed it as an attack on their sovereign economic rights. As one HSBC official in China commented in December 1910, "the Chinese fear any form of international control which might result in a state of financial tutelage similar to Egypt."[56] This fear was an enduring

49. "Konsortium für asiatische Geschäfte Sitzungen," August 9, August 11, August 14, 1905, in *HADB* S2592, 3.

50. Davis, "Financing Imperialism," 237.

51. Davis, "Financing Imperialism."

52. Zhengping, *A Brief History of Foreign Debt in China*, 40.

53. "Chinese Currency Reform and Industrial Development Loan Agreement, April 15, 1911," in MacMurray, *Treaties and Agreements with and Concerning China, 1894.1919*, 841-855. For the expansion process, see King, "A Research Report on the Relations of the Hongkong Bank with Germany 1864-1948 Part II," in *HSBCA* in HQ HSBCH 0520-0003, 91–113.

54. "Retirement of AM Townsend" *Financial Times*, October 19, 1911 in *HSBCA* HQ HSBCK 0001.

55. Ibid.

56. "Notes of Meeting Held at the Hongkong and Shanghai Bank, Peking, 13 December 1910 at 2:30pm" in *HSBCA* HQ LOHII 0035.

https://doi.org/10.1017/eso.2024.21 Published online by Cambridge University Press

one. In April 1912, when the Chinese Premier Tang Shaoyi was still seeking to resist foreign control, Chinese newspapers offered their support, warning that China was in danger of being reduced to the type of debt peonage that characterized Egypt, the Ottoman Empire, and Persia.[57]

Such fears were not unfounded. By the time that the revolution of 1911 had broken out, it was, as Frank H.H. King wrote, apparent to any observer interested in China's maritime customs that "it had become primarily a debt collection agency for foreign creditors."[58] By November 1911, the DAB, after consultations with the German Foreign Office, was even suggesting that it was time for HSBC, the DAB, and the Russo-Asiatic Bank to act formally as a troika trust that would fully control maritime customs so as to ensure that the Boxer indemnity loans would be paid.[59]

During the 1911 revolution itself, the ailing Chinese government saw itself as having no choice but to look for further loans to help it win the war. It approached the DAB in October 1911, to see whether the bank would buy 5 million marks worth of Chinese government bonds, which would allow it to buy weapons for the war. Sensing an opportunity, the bank initially decided it would raise the loan on the proviso that the Chinese pay the higher interest rate of 7% and that they bought the weapons they needed from German firms. Three days later, however, the DAB decided to align its policy with that of HSBC, which had just decided against any further lending during the conflict.[60] At the same time, the consortium also decided to freeze and protect existing Chinese government loans until such time as there was a "responsible government" in Peking,[61] overlooking defaulting loans in the short term so as to protect the possibility of rehabilitating them once the revolution had ended.[62]

It is worth stressing that the policy that banks should not offer loans to either side until the outcome of the revolution was known was a decision not based on pacific altruism but rather pragmatism, borne of a simple lack of clarity about who would form the next government and a desire to avoid alienating any future Chinese government.[63] The banks' neutrality policy was also intrinsically political. It was formally endorsed by the Foreign Offices of both Britain and Germany in late October 1911, and the banks desired that states take the lead in resuming commercial relations after the revolution.[64] As Charles S. Addis of HSBC wrote to his friend and colleague Franz Urbig of DAB, while at "some time or other we shall have to make up our minds which party we are to support," the initial decision had to come not from "the Groups but… their respective Governments."[65]

57. Haxthausen to Bethmann Hollweg April 29, 1912, in *PAAA* RAV152/299, 70–72.

58. King, "The Boxer Indemnity," 665. By 1913, the same could be said about the salt revenue. See Hou, *Foreign Investment and Economic Development in China*, 55. For further detail, see van de Ven, *Breaking with the Past*, 133–171.

59. Memorandum January 4, 1912, Urbig to Zimmerman November 29, 1911, *HADB* S2592.

60. October 14, 1911; October 28, 1911, *HADB* S2592

61. "Minutes of the Meeting of the French, British, German and American Groups at the offices of the Banque de l'Indochine," November 1911, *HADB* S2592.

62. "Protokoll der Sitzung 27 Dezember 1911," in *HADB* S2592.

63. Campbell to Addis, December 13, 1911, *TNA* FO 228/2347.

64. Grey to German Foreign Office October 24,1911; German Foreign Office to British Foreign Office, October 26, 1911, in *PAAA* RAV 152/298.

65. Addis to Urbig December 7, 1911, in *HADB* S2592.

Illustrative of the extent to which banks were taking their cues from the state during this period was the treatment of a railway loan being mooted by the embattled Yuan Shih Kai in December 1911. Although the banks were against the loan, they decided that they would provide the funds if their governments indicated that it was politically astute to do so.[66] In a letter to the US group representative Max Warburg,[67] the DAB's Urbig openly expressed his concerns that the proposed loan would suggest to the rebels that they had sided with the government, thereby not only jeopardizing future and existing loans should the rebels prove victorious but also endangering the lives of bank representatives in rebel held territory. Nonetheless the bank's commercial considerations would come second to political ones, Urbig stressed, noting that while "as a matter of principle I do not favour the proposal of the granting of an advance of three million Taels to Yuan Shih Kai… it has been agreed by us yesterday to take part in the advance if the Governments advise us to do so."[68] Despite this preparedness to respond to political directives against their own commercial interests, the neutrality agreement held until it became clear that Yuan Shih-Kai would emerge from the conflict as the leader of China.[69]

The effects of the revolution were made clear in the report of the board of the DAB for 1911.[70] A dynasty that had ruled since 1644 had been overthrown and replaced by a republic. While the events had affected different regions of China differently, the faltering of the government and the loss of order had seen "regular sources of income… dry up and had scared capital … into a cautious state." Caught up in this rapid economic downturn were local Chinese banks with which the DAB worked, particularly in hard-hit places such as Hankow. Many local compradors faced insolvency.[71] Similarly struggling was the Chinese government, which was forced into arrears of some £2 million.[72] According to Yuan Shih Kai, the Chinese treasury was so empty the Empress Dowager had instructed him to use her jewelry to clear some of China's debt.[73]

The DAB presented itself in its report as relatively unperturbed by the Chinese government's apparent liquidity crisis, given that the loans in question were underwritten by China's lucrative maritime customs income, which was already effectively under foreign control.[74] Despite this, the more modest than usual 5% dividend of 125 marks per share in May 1912,[75] down from an 8% dividend of M200 in the previous year was reported as a "poor result" in the German press.[76] The bank's chair Urbig insisted, however, that stormy weather made for growth and held out the prospect of a large loan to China in the near future, albeit not before

66. "Auszug aus der Protokolle," December 8, 1911, in *HADB* S2592.

67. On the close links between German and American banks and Warburg's role in strengthening these to offset British global financial preponderance, see James, "Networks and Financial War," 303–318.

68. Urbig to Warburg December 9, 1911, in *HADB* S2592.

69. Dayer, *Finance and Empire*, 65.

70. "Deutsch-Asiatische Bank Bericht des Vorstandes über das Geschäftsjahr 1911," in *BA* Berlin *R8024/283*, 120.

71. Ibid.

72. King, "The Boxer Indemnity," 676.

73. Morrison to Addis, December 30, 1911, in *HSBCA* HQ LOHII 0027 001.

74. "Deutsch-Asiatische Bank Bericht des Vorstandes über das Geschäftsjahr 1911."

75. *Deutscher Reichsanzeiger*, June 14, 1912, in *BA* Berlin R8024/283, 124.

76. *Deutsche Kolonialwerte*, May 15, 1912, in *BA* Berlin R8024/283, 124

https://doi.org/10.1017/eso.2024.21 Published online by Cambridge University Press

the bank had secured firm access to the levers of control that it desired. According to Urbig, the DAB, "like its international friends, holds the point of view that those offering credit to China require effectual guarantees and controls." It was important, he continued, "that those in China can arrive at the realization that the demands for this during an extended period of political transition of the current type are justified and natural."[77]

To the eyes of the international banks and China's new government under Yuan Shih Kai, the most practical solution to the looming insolvency of the Chinese state was indeed this new Reorganization Loan, as it was dubbed. To others, however, this new loan was tantamount to the acceptance of yet more odious debt,[78] a further step toward debt peonage, given that the restructured Chinese public debt would be underwritten by the Group of Four foreign consortium, led by HSBC and the DAB.[79] Like the Sino-Japanese and Boxer Wars before it, the revolution represented an opportunity for foreign banks to win high-yielding loans underwritten by increased control over China's primary assets, including railway lines, the salt gabelle, and, most importantly, the maritime customs income.

At a meeting on March 12, 1912, high-ranking representatives of the Group of Four, including Addis and Urbig, met in London to discuss how best to restructure China's state debt. The meeting started from the position that the revolution had "necessitated the complete reorganization of the system of government" and that "such reorganization cannot properly be accomplished without financial assistance." The Group of Four, they continued, were naturally best placed to provide the finances required for this far-reaching political reform.[80] The amount of the loan, the consortium suggested, was to be £60 million to be issued over five years, and, if political instability threatened the capacity for the loan to be repaid, these installments would also stop.

To ensure that they had political cover, the banks also considered it to be of the "utmost importance that governments of the groups should give their support" to the loan negotiations.[81] Pushing beyond general political support, Addis sought a British Foreign Office assurance that "His Majesty's Government will not support any other group in making loans or advances to China, but will confine their exclusive support to the British group as signatories of the intergroup agreement."[82] Despite some initial hesitation, the Foreign Office agreed to offer political cover for the bank.[83] This hesitation related not to concerns about China but rather the precedent of granting a market monopoly to a single bank. Unsurprisingly, other financial institutions in Britain could not support a policy that effectively handed control over all loans with China to HSBC. Indeed, HSBC's rival, Eastern Bank, expressed its outrage when they were told that the railway loans they were pursuing would not be

77. "Deutsche Asiatische Bank in Shanghai," *Deutsche Kolonialwerte*, July 1, 1912, in *BA* Berlin R8024/283, 124, Deutsch-Asiatische Bank; Bericht des Vorstandes 1912, in *BA* Berlin R8024/283, 129. See too Bauert-Keetman, *Unternehmens-Chronik*, 132.

78. On odious debt and politically based refusals to service it immediately prior to and after this period, see Lienau, *Rethinking Sovereign Debt*, 10–14.

79. Ingrid Bauert-Keetman, *Unternehmens-Chronik*, 134–135.

80. "Minutes of the Meeting at the Office of the British and Chinese Corporation Limited, London on the 12 March 1912" in *HADB* S2592, 1–2.

81. Shanghai to British Foreign Office, March 5, 1912, in *TNA* FO228/2347 Loans.

82. Addis to Langley, March 6, 1912, in *TNA* FO 228/2348 Loans.

83. Dayer, *Finance and Empire*, 66.

politically supported by the Foreign Office.[84] Having arrived at the decision, the British Foreign Office did not waver, instructing the Eastern Bank that they had been officially warned not to pursue loans in China and that in this matter the British government was "acting in accord with both the German and French Governments."[85]

The consortium's March 12 meeting also agreed that the Group of Four would become the Group of Six. In consultation with their governments, they would admit the entry of two further banking groups chosen by the governments of Russia and Japan into the consortium.[86] While other states such as Austria-Hungary were rebuffed,[87] the Anglo-German consortium of HSBC and the DAB, which had already grown to include French and US groups, led by *Le Banque de l'Indo-Chine* from France, and J.P. Morgan from the US, now stretched to include the Russo-Asiatic Bank and the Yokohama Specie Bank, "despite the fact they did not have any money to lend."[88] This expansion, as discussed below, was a political rather than an economic decision.

What Price a Loan?

For the Japanese, the Russians, and the Group of Four, the decision of whether to expand the Group of Four had been a difficult one. The issue had come to a head when both Russia and Japan expressed their outrage at Article XVI of the Currency Loan Agreement of April 1911,[89] which bound the Chinese government to offer first preference for any future loans to the Group of Four.[90] As the Japanese argued, they viewed the clause as effectively cutting them out of any future loans and offering the Group "preferential rights of the most comprehensive nature, financial, industrial and commercial." Article XVI, they insisted, ensured that the Group of Four would not only "have preference over all other financial groups in the matter of supplying any additional fund" but also explicitly stated that "should the Imperial Chinese Government decide to invite foreign capitalists to participate with Chinese interests in Manchurian business contemplated under this loan… the banks shall be first invited to so participate."[91] To the Japanese, offering the Group of Four an advantage in any future infrastructure projects in Manchuria, which they saw as within their own sphere of influence, was simply unacceptable.[92]

84. Langley to Sutton, March 19, 1912, in FO 228/2348.

85. Ibid.

86. "Minutes of the Meeting at the Office of the British and Chinese Corporation Limited," March 12, 1912, in *HADB* S2592, 3.

87. "Konsortium für asiatische Geschäfte, Protokoll der Sitzung vom 21. Mai 1912" in *HADB* S2592; see too correspondence in *PAAA* RAV152/299, 62–69.

88. Dayer, *Finance and Empire*, 66. For the origins of the consortium system, see Chan, "The Consortium System in Republican China 1912-1913," 597–640.

89. Addis to Urbig, February 10, 1912, in *HADB* S2592; Müller-Jabusch, *Fünzig Jahre Deutsch-Asiatische Bank 1890-1939*, 182; Luxburg to Bethmann Hollweg, April 17, 1911, in *PAAA* RAC 152/298.

90. Kiderlen to Metternich July 11, 1911, in *PAAA* RAV 152/298.

91. Japanese note to German Foreign Office, July 22, 1911, in *PAAA* RAV 152/298.

92. Rex to Bethamnn Hollweg, May 2, 1911, in *PAAA* RAV 152/298.

https://doi.org/10.1017/eso.2024.21 Published online by Cambridge University Press

The Russians too demanded a route to participation, whether through open competition for loans (effectively rescinding Article XVI) or by clearing the path for them to join the Group of Four.[93] As late as May 1911, however, the idea of the Russians joining the Group of Four was unthinkable to the Germans, given that "every child" knew of Russia's predatory intentions in China and lack of "ethical scruples." Enlisting Russia within the group, the German diplomat Karl von Luxburg felt, would mean that "the Group of Four would lose the trust of both the current [Chinese] government and the market."[94] The expansion of the consortium was also far from welcomed by the DAB's Urbig, who felt that it had been forced upon him by the French, British, and in particular the Americans. This was not a commercial decision, he felt, but rather the result of an agreement between governments who felt that including the Russians and the Japanese in the banking consortium could perhaps stymy Russia and Japan's expansionist imperial policies in mainland China, in particular Manchuria.[95] Accepting the two inside the consortium, it was felt, was preferable to seeing them initiate their own off-piste plans. Urbig's attempt to warn Addis in February 1912 against including two institutions that were stalking horses for expressly imperialist purposes from states who were transparently not "moneylending countries" signally failed. As a result, Urbig felt, the Group of Four had allowed Russo-Japanese foreign policy objectives right into the heart of the consortium.[96] Addis sympathized but replied that it was the only way around Russia and Japan's fierce objections to the consortium's growing power.[97] After discussion with the Under State Secretary of the German Foreign Office Arthur Zimmerman, Urbig glumly conceded that "participation of the Russians and the Japanese is not to be avoided."[98]

The bargaining between the expanded consortium (supported by their respective governments) on the one hand and the Chinese government on the other was stiff and blunt. From the outset, it was clear that the Reorganization Loan would be conditional on the kind of reforms to the Chinese economy and government that would later be called a structural adjustment program. On March 15, 1912, the consortium demanded a monopoly over Chinese loans, stating that "it would be impossible to carry out financial operations of such magnitude unless protected by the conditions laid down and for which the Group hoped to obtain the support of their Governments."[99] Alongside this "exclusive use of markets," the consortium and their supporting governments insisted on direct control over the primary sources of the Chinese government's income.[100] This control, the French representative of the Group in Peking insisted, meant that any "revenue to be pledged shall be administered under foreign experts." Effectively this meant foreign control over China's maritime customs and its salt gabelle. In addition, all Chinese accounts and expenditure were to be routinely audited by foreign experts.[101]

93. Luxburg to Bethmann Hollweg, May 9, 1911, in *PAAA* RAV 152/298.
94. Luxburg to Bethmann Hollweg, May 9, 1911, in PAAA RAV 152/298.
95. "Sitzung Protokoll February 28, 1912," Straight to Urbig, January 20, 1912, in *HADB* S2592.
96. Urbig to Addis February 26, 1912, in *HADB* S2592.
97. Addis to Urbig, February 19, 1912, in *HADB* S2592.
98. Akten Notiz, March 5, 1912, in *HADB* S2592; Kiderlen to Metternich, March 1, 1912, in *PAAA* RAV 152/299, 11.
99. "Copy of telegram despatched to Peking 15 March 1912," in *HADB* S2592.
100. "Copy of telegram received from Peking 27 March 1912," in *HADB* S2592.
101. Ibid.

https://doi.org/10.1017/eso.2024.21 Published online by Cambridge University Press

Addis of HSBC voiced his doubts that the Chinese provisional government, no matter how desperate their situation, would allow for such extensive meddling in the economic sovereignty of the Chinese state given the precarious security situation and the strength of anti-foreigner sentiment among the revolutionaries. He also warned of the specter of further uprisings in the south of China if such stringent conditions were attached.[102] Imposing a formal system of external control ran the risk, he argued, "of impairing the prestige of the Government in the eyes of its nationals." His alternative plan, however, only offered the appearance of respecting Chinese sovereignty. The operations of the foreign banks would simply remain hidden, using less obtrusive means of securing "the degree of foreign control considered necessary to provide for the proper application of loan funds" without exacerbating already white-hot anti-foreigner sentiment. To do so, he suggested, the consortium might still appoint foreigners to all the same positions of authority in the Chinese economy but have them technically listed as employees of the Chinese government rather than of foreign governments or financial institutions. Instead of a legion of foreign auditors, Addis argued, the veto right of a mandated foreign finance officer who must countersignature expenditure would sufficiently meet that requirement more quietly.[103] While the German Foreign Office was prepared to consider Addis' suggestion of covert control,[104] in the end, the consortium started its negotiations with the blunter conditions, relegating Addis' preferred plan of hidden control mechanisms to the position of a compromise to be used if required.[105] Urbig of the DAB in particular pressed hard for more stringent controls, claiming that "we believe there is danger China will ruin herself unless she is taken in hand properly by the six powers."[106]

Consequently, their demands remained that no further loans beyond the consortium be sought and that the Chinese Government "employ such foreign officials and issue such reports as shall in the estimation of the groups constitute a satisfactory guarantee for the proper expenditure of the Reorganisation Loan funds." The Chinese were also instructed to "reorganise administration of the revenues pledged for the security of such Reorganisation Loan in a manner satisfactory to the groups."[107] Strong controls over China's economic sovereignty were also demanded. These included the requirement that foreign officials countersign all requisitions of the loan's funds and that foreign auditors check and report on this expenditure. In addition, foreign technical experts would need to be employed to supervise any industrial projects undertaken with loan funds. Perhaps most galling to the Chinese, foreign officials would also manage any revenue collecting agencies (such as maritime customs and the salt gabelle) that China had pledged as security. All these officials were to be approved by the foreign banks.[108] Crucially, among the banks themselves, it was made clear with regard to these conditions that "the assent of each group will naturally be dependent upon the approval

102. Addis to Simon, April 2, 1912, in *HADB* S2592.
103. Addis to Simon, April 2, 1912, in *HADB* S2592.
104. Deutsche Bank, April 10, 1912, in *HADB* S2592.
105. "Konsortium für asiatische Geschäft, Sitzung Protokoll 10 April 1912."
106. DAB to Addis et al., 18 April 18, 1912, in *HADB* S2592.
107. HSBC to DAB, April 17, 1912, in *HADB* S2592.
108. HSBC to Peking, April 18, 1912, in *HADB* S2592.

https://doi.org/10.1017/eso.2024.21 Published online by Cambridge University Press

of its own government."[109] Without political agreement, no financial agreement would be forthcoming.

Remarkably, for some bank representatives in Peking, these restrictions did not go far enough, with a telegram from DAB's Heinrich Cordes offering a scathing assessment of the mildness of the conditions, demanding instead a deep and extended intervention in China's economic and political affairs. Claiming that those based in Peking had "no confidence in the ability of the present government to reorganize financial administration without foreign assistance," he went on to label Chinese officials as "extravagantly inefficient and we believe corrupt." The plan being mooted only offered restriction on the expenditure of the £60 million. What was really needed, Cordes insisted, was complete control over all Chinese finances for a number of years "deemed to be sufficient for complete work of establishing efficient government." Far from too restrictive, Cordes warned, "much broader supervision will be needed if China's general condition is to be materially improved."[110] Urbig of DAB and Zimmerman of the German Foreign Office agreed and decided to lobby for more stringent controls over Chinese affairs more broadly as a condition of the loan.[111] In search of a working consensus, however, both the DAB and the German Foreign Office eventually gave up their push for these more stringent controls.[112]

The demands for foreign surveillance of all spending and the implementation of agreed-upon reforms met with strong opposition from the Chinese, with Premier Tang Shaoyi refusing "with visible outrage" the demand for control over Chinese expenditure. The Chinese also declared that such coercive conditions rendered void any earlier commitment to work only with the Group of Six banks. Both the banks and their diplomatic representatives in Peking remained adamant, however, that without these conditions, the loan would not go ahead.[113] By May 10, 1912, Chinese officials, still deeply unhappy, nonetheless appeared to have accepted the restrictive conditions.[114] The consequences of this, however, was widespread discontent in China and renewed official reluctance.[115] According to one German observer,

> As it became known in Canton that the foreign banking system demanded a certain monitoring of Chinese finances by the lenders for the realisation of the large loan, a lively movement against the procurement of the loan appeared. The impetus behind this movement was a telegramme of General Huang Hsing in Nanking, a southern Chinese who in the monitoring of finances by the foreign powers saw the "death of China" and urged for the replacement of the loan with donations of the people.[116]

At this point, a formal diplomatic note was issued by Britain and supported by Germany reiterating the necessity of submitting to the banks' invasive economic controls over Chinese

109. HSBC to Peking, April 18, 1912, in *HADB* S2592.
110. Cordes in Peking, April 25, 1912, in *HADB* S2592.
111. Akten Notiz, April 26, 1912. Telegram Urbig to Cordes 30 April 1912, in *HADB* S2592.
112. Telegram, Peking, May 15, 1912, "Copy of telegram received from Peking 12 May 1912," in *HADB* S2592.
113. Haxthausen to Bethmann Hollweg, May 6, 1912, in *PAAA* RAV 152/299, 77.
114. Haxthausen to Bethmann Hollweg, May 20, 1912, in *PAAA* RAV 152/299, 82–83
115. Haxthausen to Bethmann Hollweg, May 20, 1912, in *PAAA* RAV 152 / 299, 109.
116. Rößler to Bethmann Hollweg, June 26, 1912, in *PAAA* RAV 152/299, 127.

https://doi.org/10.1017/eso.2024.21 Published online by Cambridge University Press

government expenditure. The British government, it bluntly stated, had instructed their representative in Peking "to inform the Chinese Government that the Powers would not approve of any loan being made by their nationals except on the general lines of the conditions laid down by the Groups to their Agents at Peking on 23rd May."[117]

From Economic Strings to Territorial Claims

As Anglo-German diplomatic pressure saw the Chinese inching closer to agreeing to foreign control over the commanding heights of the Chinese economy, the tenor of negotiations for the Reorganization Loan within the Six Group consortium shifted toward a consideration of the inclusion of other loan conditions demanded by Russia and Japan, namely territorial claims. Some of these claims were so extravagant as to not only alienate the Chinese government but also fracture the attempts of the Six Groups to reach a consensus position prior to forwarding conditions with the Chinese.

As early as March 1912, it became apparent that the strategy of including Russia and Japan in the consortium as means of tempering their territorial demands was not working. Rather, the Russians were trying to further their claims of "special interests" in parts of China while using recognition of the postrevolutionary Chinese government as a bargaining chip.[118] At the same time, Japan saw in the actions of the original Group of Four an impediment to their own plans to dominate Manchuria and strategically important sectors of Chinese industry. Rumors abounded of Japan deliberately destabilizing the situation in Manchuria in January 1912.[119]

Initially, the inclusion of political considerations within the loan conditions was accepted and supported by both Britain and Germany as a normal part of the process. After discussions with the Russian ambassador Alexander von Benckendorff, Britain's Foreign Secretary Edward Grey declared that he did not see why the "control of the expenditure and of the purposes to which the loan should be allocated should not be arranged in such as way as to safeguard Russia and Japan against being prejudiced" and that when the loan was being negotiated, the terms "should be settled in consultation with the representatives of the six powers in Peking."[120] When the Japanese also sent verbal notes to European capitals to sound out their support for withholding recognition of the new Chinese government unless it recognized the rights and interests of the powers in China, the German Foreign Office Secretary Alfred von Kiderlen-Wächter similarly agreed that the powers had to work together to ensure "confirmation of those rights, privileges and immunities" that they enjoyed in China.[121]

Quite quickly, however, the other powers became more guarded as Russia and Japan's initially vague proposals became more concrete. In announcing its decision to commission the Yokohama Specie Bank to represent Japanese interests in March 1912, the Japanese Foreign Office also informed the other powers that it expected the new consortium would take into

117. "Aide Mémoire," July 1, 1912, in *PAAA* RAV 152/299, 120.
118. Zimmerman to Metternich, March 11, 1912, in *PAAA* RAV 152/299, 17.
119. Radowitz to Bethmann Hollweg, January 29, 1912; Heintges to Bethmann Hollweg, February 10, 1912, *PAAA*, in RAV 152/292.,
120. Grey to Buchanan, April 10, 1912, in *TNA* FO 228/2348.
121. Kiderlen to Metternich, February 28, 1912, in *PAAA* RAV 152/292.

https://doi.org/10.1017/eso.2024.21 Published online by Cambridge University Press

consideration Japan's specific interests in Southern Manchuria.[122] The German Foreign Office replied that they knew nothing of any such special rights in China.[123] When the Japanese reiterated that Southern Manchuria was their sphere of influence just as Northern Manchuria was a Russian one, the Germans replied that they would recognize any written agreement between Japan or Russia with the Chinese government, but nothing else.[124]

Russia too made clear its concerns in March that other consortium members might compete for railway contracts in regions it considered to be within the Russian sphere of influence, namely Manchuria, Mongolia, and Turkestan, or that loan funds might be spent upgrading military installations or railways on their borders.[125] This was in line with Russia's demand in January 1912 that in any postrevolutionary order, China must relinquish Mongolia to become if not a Russian protectorate then at the very least an independent pro-Russian buffer state with no Chinese troops permitted to enter the region.[126] Indeed, early in the revolution, Russia had sent 2000–3000 troops to Urga as a way of signaling their intentions there,[127] and, according to St Petersburg, Mongolia was set to be joined to Russia by railways and reorganized politically to align with Russia.[128] At the same time, the Mongolian prince Hutuktu declared that their past loyalty to China had only extended to the ruling Manchu Qing dynasty and that they were now free to reorient Mongolia politically toward Russia.[129] Seeking to explicitly fuse the loan agreement with sanctioned territorial expansion, the Russians made their participation in the banking consortium contingent on the recognition of their primacy in northern Manchuria, Mongolia, and Turkestan.[130]

Russia's insistence on an enhanced position in Mongolia had since the very beginning been supported by the Japanese, who saw in it a template for their own preponderance in Southern Manchuria. The Japanese assumed that the British and French would also seek firm guarantees covering expansion in Tibet and Yunnan respectively.[131] The scramble for Chinese territories was about to be unleashed, it was thought in Tokyo, as a direct consequence of the fall of the Qing dynasty. As the *Japan Times* triumphantly reported:

> The Chinese only have themselves to blame if foreign powers make use of the present moment to acquire border territories. One now hears of Russian plans in Mongolia, soon news from Tibet and Yunnan will follow. Japan has gone to great lengths to restore the peace in China through sound advice and negotiations and no-one listened, but rather allowed things to go on as they are.[132]

122. Buri to Bethmann Hollweg, March 1912; Zimmermann to Metternich, March 22, 1912, in *PAAA* RAV 152/299, 25–26.

123. Kiderlen to Metternich, May 11, 1912, in *PAAA* RAV 152/299, 51.

124. Kiderlen to Metternich, May 1912, in *PAAA* RAV 152/299, 56.

125. Pourtales to Bethmann Hollweg, March 30, 1912, in *PAAA* RAV 152/299, 31.

126. Pourtalès to Bethmann Hollweg, January 4, 1912; Haxthausen to Bethmann Hollweg, January 15, 1912, in PAAA RAV 152/292.

127. Memo, September 29, 1911, in *PAAA* RAV 152/291 China.

128. Haxthausen to Bethmann Hollweg, February 3, 1912, in *PAAA* RAV 152/292.

129. Haxthausen to Bethmann Hollweg, January 28, 1912, *Daily Telegraph*, February 27, 1912, in *PAAA* RAV 152/292; Jordan to Grey, January 25, 1912, in British Foreign Office *TNA* FO 228/2347.

130. Russian Ambassador to German Foreign Office, April 7, 1912, in *PAAA* RAV 152/299, 36.

131. On Britain and Tibet, see Palace, *The British Empire and Tibet.* On France and Yunnan, see Rousseau, "An Imperial Railway Failure."

132. *Japan Times* as quoted in Radowitz to Bethmann Hollweg, January 16, 1912, in *PAAA* RAV 152/292.

The Group of Four and their governments, alert to the expansionist claims of the Japanese and the Russians, gradually understood the growing potential for difficulty in aligning these territorial claims with the immediate finalization of the loan. The "consideration of political interests which the international finance syndicate has been burdened" Haxthausen wrote from Peking in June 1912, would problematize further six power cooperation. This was particularly the case given that Russia would operate in a "recklessly open" way, even if Japan continued to operate (like the other four powers) behind the scenes to further their regional interests.[133]

To be clear, political claims were far from unknown to the consortium, with the claims of the powers over spheres of interest already well understood. Germany had of course secured its own mainland territory in 1897, and, just as Russia and Japan saw Chinese territories as indispensable to their own interests, so too the British had made clear that it saw itself as having special rights and interests in Tibet.[134] Rather it was the clumsy bluntness of these demands in the context of loan discussions that was not acceptable to the Group of Four, which viewed such considerations not so much as separate as assumed background, part of a suite of measures that placed pressure on the Chinese government rather than something to be coarsely inked into the contractual terms of the loan.[135] As Grey insisted in London, the appearance of maintaining an arm's length from what were unmistakably political conditions was important for the banks, even as they worked closely with their respective governments toward both commercial and political objectives.[136] Publicly, Grey's response in the House of Commons reiterated that the special interests of Russia and Japan in China could only be acknowledged if they were supported by existing treaties and conventions spelling out precisely what these were and why did not contravene the policy of the Open Door.[137]

What was apparent by May 1912 was that rather than protecting established spheres of influence or historical rights and privileges, Russia and Japan were making new claims in a forum preserved for more subtle economic diplomacy. After enjoying initial agreement on the point of including political conditions, the two new members of the consortium overplayed their hand when Russia, supported by Japan, put forward a proposal for conditions surrounding the loan which included its territorial claims. At that point, Addis of HSBC pointedly commented that the Russian proposal differed fundamentally from the consensus position the Group of Four had already reached.[138] Negotiations would have to be postponed until all six powers and their governments had come to an agreement on what the consortium could and could not support.[139]

In June 1912, the matter remained unresolved and an urgent meeting of the Group of Six was called in Paris to try and have Russia and Japan remove their territorial demands from the text

133. Haxthausen to Bethmann Hollweg, June 25, 1912, in *PAAA* RAV 152/292.
134. Metternich to Bethman-Hollweg, February 5, 1912, in *PAAA* RAV 152/299, 3–5.
135. "Konsortium für asiatische Geschäfte, Protokoll der Sitzung vom 21 Mai 1912," in *HADB* S2592.
136. Metternich to Bethman-Hollweg, February 5, 1912, in *PAAA* RAV 152/299, 3–5.
137. Metternich report, May 23, 1912, in *PAAA* RAV 152/299, 73; *Times*, June 12, 1912, in *PAAA* RAV 152/292.
138. Interbank Conference, May 15, 1912, in *HADB* S2592.
139. Peking, May 15, 1912, *HADB* S2592.

of the draft loan agreement. This meeting was unsuccessful,[140] with the Russians and Japanese insisting that, should the loan be used for purposes with which they disagreed on geostrategic grounds, they would leave the consortium, effectively placing a political veto over all future Chinese expenditure.[141]

The political backdrop to the loan process was similarly worsening, with Russian and Japanese territorial plans so advanced by July 1912 that the *Manchester Guardian* was predicting the imminent "dismemberment of China."[142] In September and October of 1912, the situation in Mongolia threatened to turn into open warfare.[143] Meanwhile the Japanese complained of collaboration between the Russians and the British to secure their interests in Mongolia and Tibet respectively without due consideration for Japan's interests in Manchuria.[144] Indeed, the Russians were still openly declaring their support for the "independence" of the Mongolians in their discussions with the Chinese,[145] while the British warned China that they were watching attempts to reintegrate Tibet into the fledgling Republic "with due regard for British interests and treaty rights."[146] By January of 1913, the *Times* in London was trumpeting that Britain had made it clear to the Chinese that "Great Britain will not recognise the Republic unless an undertaking is given that the autonomy of Tibet will be respected."[147] Holding the loan agreement separate from the seemingly approaching dissolution of China was becoming increasingly difficult.

Finalizing the Loan

Under mounting pressure from all sides to concede their economic and territorial sovereignty, the Chinese government carried out their threat of May 1912 and sought out other options beyond the Group of Six for their loans. After a failed attempt to strike a loan with Diedrichsen & Co, an independently minded German firm operating outside the DAB group, the Chinese succeeded in signing a loan for £10 million offered by a multinational consortium brought together by the stockbroker Charles Birch Crisp.[148] The political reaction to this development was telling. Both the Group of Six and their respective Foreign Offices were activated, with the banks insisting, to no avail, that the Chinese government cancel the Crisp loan and agree to the terms and conditions they had placed on their loan offer.[149] In addition, Addis successfully

140. Telegram to Hillier, June 8, 1912, in *HADB* S2592.

141. "Konsortium für asiatische Geschäfte, Protokoll der Sitzung vom 21 June 1912" in *HADB* S2592; "Abschrift," in *PAAA* RAV 152/299, 112–113.

142. "The Dismemberment of China," *Manchester Guardian*, July 19, 1912, n *PAAA* RAV 152/292.

143. *Daily Telegraph*, September 18, 1912, in *PAAA* RAV 152/292.

144. Rex to Bethmann Hollweg, September 28, 1912, in *PAAA* RAV 152/292.

145. *Peking News*, as quoted by Haxthausen to Bethmann Hollweg, November 14, 1912, in *PAAA* RAV 152/292.

146. "China and Tibet," *Times*, December 6, 1912, in *PAAA* RAV 152/292.

147. "The Affairs of China," *Times*, January 6, 1913, in *PAAA* RAV 152/293.

148. Addis to Urbig, September 12, 1912, in *HADB* S2592; Addis to Hillier, September 21, 1912, in *TNA* FO 228/2350.

149. HSBC to Group of Six, September 23, 1912, in *HADB* S2592.

lobbied the British government for support, writing to a colleague that "Edward Grey promises to stand firm in withholding his support so that we may reasonably hope the business is squelched."[150]

Immediate protests emanated from the British Foreign Office, with Grey pointing out that, just as Britain could only support the Group of Six, so too "China is not free to contract any loans outside the six Power group, a position confirmed by the German Foreign Office."[151] Yuan Shih Kai rejected this argument, arguing that "vetoing outside loans must inevitably result in the ruin of China."[152] Crisp was then brought into the Foreign Office for a dressing down, told in no uncertain terms that he could expect no support from the British government.[153]

Meanwhile, having made clear their view that Russia and Japan had only joined the Group of Four "to make it impossible for China to obtain funds and so prevent the country from ever regaining strength or prosperity,"[154] the Chinese simply broke off negotiations with the Group of Six consortium. For the Chinese Finance Minister Chen Jintao, the "conditions of the Six Power syndicate were too unreasonable and the requirement of monitoring or control over China was unacceptable." Unless the banks rethought their "unbending attitude" the rupture in negotiations was to be "considered final."[155] In the British Foreign Office, there was talk of calling in all overdue loan repayments in retaliation, a measure that would have immediately destroyed the Chinese economy.[156]

By November 1912, however, negotiations had reopened, and by the beginning of 1913 the need for further funds to cover the Boxer Indemnity loan became acutely apparent.[157] Now scaled back to £25 million and with the Chinese government having no choice but to return to the table, the loan almost faltered when political considerations once again split the Group of Six, this time in relation to which nationality the foreign monitors of Chinese expenditure and revenue collection would be. Initially chosen on the basis of expertise, the salt gabelle was to be headed by a Dane, James Frederik Oiesen, the audit advisor was to be the Italian Rossi, while a German, Rump, would be seconded to the Chinese civil service as Director of the National Loans Department.[158] At this point, a number of objections were raised, with the French objecting to Danish and Italian nationals from outside the Group of Six being appointed,[159] while the Russian Legation demanding that they be represented. The British insisting that they

150. Addis to Stabb, September 13, 1912, in *HSBCA* H HSBCK 0002.

151. Grey to Jordan, Haxthausen to Jordan, September 6, 1912, in *TNA* FO 228/2350.

152. "Report of Meeting, Jordan and Yuan Shih-Kai, 14 September 1912," in *TNA* FO 228/2350.

153. "Statement by Mr Crisp," *Times*, September 27, 1912, in *PAAA* RAV 152/299, 164.

154. Report of Meeting, Jordan and Yuan Shih-Kai, September 14, 1912, in *TNA* FO 228/2350.

155. Abschrift, October 8, 1912, Haxthausen to Bethmann Hollweg, October 21, 1912, in *PAAA* RAV 152/299, 177, 216–217.

156. Peking to London, September 30, 1912, in *TNA* FO 228/2350.

157. Haxthausen to Bethmann Hollweg, November 12, 1912, in *PAAA* RAV 152/299, 218; Metternich to Bethmann Hollweg, January 1, 1913, in *PAAA* RAV 152/300, 1.

158. Telegraph to London, February 5, 1913, in *TNA* FO 228/2354; Woodhead and Bell, *The China Year Book 1914*, 381.

159. King, "A Research Report on the Relations of the Hongkong Bank with Germany Part II," *HSBCA* HQ HSBCH 0520-0003, 122.

have control over the salt gabelle, which led to a retaliatory claim by the Germans that they be compensated with an additional official within the Chinese railways or the salt gabelle.[160]

From the perspective of Elmershaus von Haxthausen, the German ambassador in Peking, this unnecessary squabble had been the product of the French and Russians once again deliberately seeking to politicize the loan conditions by switching the criteria from merit selection to nationality so as to isolate Germany which would be outnumbered by the "Entente Powers" in Chinese officialdom. The Russians were further viewed as having precipitated the crisis because of their belief that China was on the brink of bankruptcy and their desire to be in a prominent position to benefit from that eventuality. They were also unwilling to sign the loan agreement until "the Mongolian question has been settled."[161] On the other hand, he claimed, Addis of HSBC had remained steadfastly supportive of the original arrangements and was "always to be found on our side and had worked very closely with the German bank representative for the success of the loan."[162] Yuan Shi Kai, he continued, was in no way prepared to allow the French and in particular the openly predatory Russians to become loan economic monitors, although China's parlous economic situation did not offer him too many other options.[163] In the final stages of negotiations, relations between the six powers broke down so badly over the question of advisors that HSBC was tempted to join with the German DAB syndicate and simply underwrite the loan themselves, without reference to the other consortium members.[164]

The overt rapaciousness of the loan negotiations had also come under public attack outside of China. In the US, China policy shifted with a change of president from William Howard Taft to Woodrow Wilson. Even before Wilson formally took office, it had become apparent to the US government that "the banks of the consortium were instigating their governments to make recognition conditional on the Chinese government's acceptance of their terms."[165] By February of 1913, the outgoing Minister to China, William James Calhoun, was warning Secretary of State Philander C. Knox that the loans process was "no longer a question of friendly international cooperation to help China but a combination of big powers with common interests to accomplish their own selfish ends."[166] In March 1913, Wilson made a press statement distancing himself from the forward policy in Asia of Taft, stating clearly that the new US government "did not approve" of the terms of the loan being offered by the Group of Six and that "the conditions of the loan seem to us to touch very nearly the administrative independence of China itself." Consequently, Wilson stated, his government did not "feel that it ought even by implication to be a party to those conditions," which would represent "forcible interference in the financial and even the political affairs of that great oriental

160. Grey to Berlin, February 12, 1913, in *TNA* FO 228/2354; Woodhead and Bell, *The China Year Book 1914*, 381; *PAAA* RAV 152/300, 24-82; King, "A Research Report on the Relations of the Hongkong Bank with Germany Part II," 122–123.

161. Haxthausen to Bethmann, Hollweg, March 6, 1913, in *PAAA* RAV 152/300, 66–67.

162. Haxthausen to Bethmann, Hollweg, February 9, 1913, in *PAAA* RAV 152/300, 56–57.

163. Haxthausen to Bethmann Hollweg, February 9, 1913, in *PAAA* RAV 152/300, 56–57.

164. Stabb to Hillier, February 8, 1913, in *TNA* FO 228/2354/

165. Cameron, "Recognition Policy toward the Republic of China," 222.

166. Calhoun to Knox, February 21, 1913, quoted in Cameron, "Recognition Policy toward the Republic of China, 1912-1913," 222.

state."[167] The loss of US state support for the loan and the Group of Six conditions left the consortium's American Group under JP Morgan no choice but to withdraw with "regret" and "mortification."[168] While Addis and Urbig were sympathetic to their situation, the German and Japanese Foreign Offices indicated that they saw this as simply a prelude to Wilson making an independent play at Chinese loans unencumbered by the onerous Group of Six structure.[169] The volte face also concerned the Germans insofar as it meant that "China's resistance has at least morally been strengthened by this declaration of the American President."[170]

In China, Sun Yatsen maintained his opposition to the loan to the bitter end, threatening Addis of HSBC in April of 1913 that if the Reorganization Loan was concluded without sanction of the National Assembly, it would not be accepted by "the provinces south of the Yangtsze as well as by Shansi and Shensi." Were Yuan Shih Kai to obtain the funds he had requested, he continued, "he will use force to maintain his position." It was this that the provinces most feared, and they were "determined not to submit without resistance."[171]

By the time the so-called Reorganization Loan for £25 million sterling was finalized on terms of 5% on April 26, 1913,[172] it was offered by a Group of Five consisting of HSBC, the DAB, Banque de l'Indo-Chine, Russo-Asiatic Bank, and Yokohama Specie Bank.[173] While the Germans received their second official, as deputy advisor to the salt gabelle, the Russians' attempt to place an official in the loan audit office was overruled.[174] The loan went ahead against a backdrop of continuing French and Russian protests and intrigues that continued right up until World War I,[175] which saw Germany's position in the consortium quickly undermined by the Russians and the French, who were "eager to expel the German group" and indeed keen to "eradicate the German presence in Asia altogether." On the other hand, Addis of HSBC "had no interest in taking active steps to do anything more to hinder the Germans from deriving profit out of Asia during the war."[176] Anglo-German cooperation, a fact of foreign banking in China since at least 1895, endured well past the outbreak of hostilities in Europe in mid-1914, with Addis in particular, warning against liquidating German assets in China:

> It may be urged that the economic reasons in favour of the retention of German firms must bend to the political reasons for wiping them out. Personally, I do not believe it is a good policy to crush Germany…. Our quarrel is with the German government, not with the German people. Our aim is to destroy German militarism, not to prey on private property. When the

167. Warburg to DAB, March 20, 1912, in in *HADB* S2592.
168. Davison to Urbig, March 20, 1913, in in *HADB* S2592.
169. Bernstoff to Bethmann Hollweg, March 30, 1913, Rex to Bethmann Hollweg, March 26, 1913, in *PAAA* RAV 152/300, 105–108; Dayer, *Finance and Empire*, 69.
170. *PAAA* RAV 152/300, 88.
171. Telegram to Addis, in "Interbank Conference," *HDAB* S2607.
172. For the text of the loan agreement, see Chan, "The Consortium System," 632–640.
173. "The Chinese Government Reorganization Loan Agreement 8 May 1913," in *HADB* S2592.
174. Haxthausen to Bethmann Hollweg, April 20, 1913, in *PAAA* RAV 152/300, 124a.
175. King, "A Research Report on the Relations of the Hongkong Bank with Germany Part II," *HSBCA* HQ HSBCH 0520-0003, 125–133.
176. Ibid, 134; Dayer, *Finance and Empire*, 80.

war is over, we will shake hands and be friends again. Do not let us do anything now to make a rapprochement more difficult hereafter.[177]

Conclusion

The preceding discussion has demonstrated three key points regarding Chinese debt, particularly in relation to the Reorganization Loan. The first is that contrary to neo-Schumpeterian readings of the Chinese loans, the process of negotiating loans for China was intimately connected to international politics. The foreign banks were far from benign and apolitical instruments of globalization that coaxed the Chinese out of insular economic and political policies. Instead, they operated in tandem with states to ensure that their political and economic aims were achieved in China. All the banks involved coordinated their efforts with their respective Foreign Offices and relied on strong diplomatic support to force acceptance of their loan conditions. At various times each also sought to insinuate political objectives that eroded the sovereignty of China into the negotiation process, if not into the loan document itself.

To varying degrees, this took place against a geopolitical backdrop in which loan negotiations overlapped with territorial pressures on China. These pressures included British claims over Tibet, French interests in Yunnan, Russian demands on Mongolia, Japanese terms regarding Manchuria, and German attempts at cornering railways into and out of their mainland Chinese colony in Kiautschou. In the cases of Russia and Japan, this overlap developed into a formal fusion of financial pressure with territorial demands, a development resisted by the other four powers, who preferred a less overt confirmation of the relationship between capital and the state. This grasp for political control in China also included strong competition among the powers on the question of which officials would exercise oversight over Chinese revenue streams and expenditure. More generally, however, the demands that external oversight would necessarily curb China's sovereignty over expenditure and the structuring and direction of state revenues was an objective shared by all six powers.

The second point is that while all six powers behaved to maximize their interests in China, there was no unanimity of purposes among the Group of Six, which was held together largely by deep concern about the economic and political costs of being outside the consortium. For the Russians and the Japanese, it was the fear that the activation of Article XVI might preclude them from any future loans affecting regions of China they considered firmly within their sphere of influence. For those within the initial Group of Four, the pressure related more to the desire to control or at least temper the demands of the Russians and the Japanese. For the United States, politics came in the form of shifting from Taft's desire to work with the consortium to Wilson's attempt to shift toward an independent US foreign policy in Asia in the wake of the consolidation of the US position in the Philippines. Within this, however, the one constant factor was Anglo-German cooperation, which spanned from the initial period of Franco-Russian collaboration in the 1890s until World War I.

The third point is that despite the structural limitations to the scope for sovereign action, the Chinese were anything but silent partners in the loan negotiations. As Moazzin has made clear,

177. Addis to Hillier, January 4, 1915, in *HSBCA* HQ HSBCK 0003.

https://doi.org/10.1017/eso.2024.21 Published online by Cambridge University Press

the process cannot be seen as one in which the Chinese remained mute recipients of whatever policy was dictated to them by the Group of Six. Just as other decolonized countries would do in the postwar period when faced with the demands for structural adjustment loan conditions imposed by the World Bank,[178] the Chinese negotiated fiercely on the question of the rate of interest, the use of the loan, the question of foreign control over the commanding heights of state revenue, and their freedom to strike loans with whomever they so pleased, irrespective of the monopolizing ambitions of the Group of Six. In much of this, however, they were thwarted by the dire economic straits they were in after two decades of warfare, revolution, and indemnity induced debt peonage.

Matthew P. Fitzpatrick is an ARC Future Fellow and the Matthew Flinders Professor of International History at Flinders University.

Acknowledgements

Research for this article has been funded by the Australian Research Council (FT210100448). Thanks to Amrita Malhi, Jan Rüger and Ghassan Moazzin for comments on an earlier draft of this article. Thanks also to the Flinders History Seminar series and the History at Newcastle Seminar.

Bibliography of Works Cited

Books

Barth, Boris. *Die deutsche Hochfinanz und die Imperialismen: Banken und Außenpolitik*, Stuttgart, Germany: Franz Steiner Verlag, 1995.

Bauert-Keetman, Ingrid. *Unternehmens-Chronik: Deutsche Asiatische Bank, European Asian Bank, Deutsche Bank (Asia) 1889-1987*, Unpublished manuscript held by Deutsche Bank Archive, Frankfurt, 1988.

Cheng, Linsun. *Banking in Modern China: Entrepreneurs, Professional Managers and the Development of Chinese Banks, 1897-1937*, Cambridge, UK: Cambridge University Press, 2003.

Dayer, Roberta Allbert. *Finance and Empire: Sir Charles Addis, 1861-1945*, London: Macmillan, 1988.

Hou, Chi-Ming. *Foreign Investment and Economic Development in China, 1840-1937*, London: Routledge, 2000.

Jones, Geoffrey. *Entrepreneurship and Multinationals: Global Business and the Making of the Modern World*, Cheltenham, UK: Edward Elgar, 2013.

Lienau, Odette. *Rethinking Sovereign Debt: Politics, Reputation, and Legitimacy in Modern Finance*, Cambridge, MA: Harvard University Press, 2014.

MacMurray, John VA. *Treaties and Agreements with and Concerning China, 1894-1919*, Leiden: Brill, 2007.

Moazzin, Ghassan. *Foreign Banks and Global Finance in Modern China: Banking on the Chinese Frontier, 1870-1919*, Cambridge, UK: Cambridge University Press, 2022.

Müller-Jabusch, Maximilian. *Fünzig Jahre Deutsch-Asiatische Bank 1890-1939*, Berlin: Deutsch-Asiatische Bank, 1940.

178. Fraser, "Aid Recipient Sovereignty in Historical Context," 45–73.

https://doi.org/10.1017/eso.2024.21 Published online by Cambridge University Press

Palace, Wendy. *The British Empire and Tibet, 1900-1922*, London: Routledge, 2004.

Rixu, Lan. *Transformation of China's Modern Banking System from the Late Qing Era to the 1930s*, vol. 1, Honolulu: Enrich Professional Publishing, 2015.

Schumpeter, Joseph. *Imperialism and Social Classes* (trans. H. Norden), New York: Augustus Kelley, 1951.

Steil, Benn, and Manuel Hinds, *Money, Markets and Sovereignty*, New Haven, CT: Yale University Press, 2009.

van de Ven, Hans. *Breaking with the Past: The Maritime Customs Service and the Global Origins of Modernity in China*, New York: Columbia University Press, 2014.

Wang, Luman. *Chinese Hinterland Capitalism and Shanxi Piaohao: Banking, State and Family, 1720-1910*, London: Routledge, 2021.

Woodhead, H.G.W., and H.T. Montague Bell. *The China Year Book 1914*, London: Routledge, 1914.

Zhengping, Chen. *A Brief History of Foreign Debt in China*, Reading: Paths International, 2014.

Article/Chapters in Books

Chan, Anthony B. "The Consortium System in Republican China 1912-1913," *Journal of European Economic History* 6, no. 3 (1977): 597–640.

Coşkun Tunçer, Ali. "Foreign Debt and Colonization in Egypt and Tunisia (1862-82)," in *Sovereign Debt Diplomacies: Rethinking Sovereign Debt from Colonial Empires to Hegemony*, eds. Pierre Pénet and Juan Flores Zendejas, Oxford: Oxford University Press, 2021, 73–93.

Cameron, Meribeth E. "Recognition Policy toward the Republic of China, 1912-1913," *Pacific Historical Review* 2, no. 2 (1933): 214–230.

Davis, Clarence B. "Financing Imperialism: British and American Bankers as Vectors of Imperial Expansion in China, 1908-1920," *Business History Review* 56, no. 2 (1982): 236–264.

Dong, Baomin, and Yibei Guo, "The Impact of the First Sino-Japanese War Indemnity: Transfer Problem Re-Examined," *International Review of Economics and Finance* 56, 2018: 15–26.

Eichengreen, Barry. "International Finance and Geopolitics," *Asian Economic Policy Review* 19, no. 1 (2024): 84–100.

Emmenegger, Patrick. "The Long Arm of Justice: US Structural Power and International Banking," *Business and Politics* 17, no. 3 (2015): 473–493.

Fraser, Alastair. "Aid Recipient Sovereignty in Historical Context," in *The Politics of Aid: African Strategies for Dealing with Donors*, ed. Lindsay Whitfield, New York: Oxford University Press, 2009, 45–73.

Greaves, Rose Louise. "British Policy in Persia – II," *Bulletin of the School of Oriental and African Studies* 28, no. 2 (1965): 284–307.

Ho, Chun-Yu and Dan Li. "Credit Building in the Sovereign Debt Market: Evidence from Prewar China," *Economic History Review*, 77, no. 2 (2024): 675–702.

Hunt, Michael H. "The American Remission of the Boxer Indemnity: A Reappraisal," in *American Empire in the Pacific: From Trade to Strategic Balance, 1700-1922*, ed. Arthur Power Dudden. New York: Routledge, 2017.

James, Harold. "Networks and Financial War: The Brothers Warburg in the First Age of Globalization," *Financial History Review* 27 no. 3 (2020): 303–318.

King, David J.S. "The Hamburg Branch: The German Period, 1889-1920," in *Eastern Banking: Essays in the History of the Hongkong and Shanghai Banking Corporation*, ed., Frank H.H. King, London: Athlone Press, 1983, 517–544.

https://doi.org/10.1017/eso.2024.21 Published online by Cambridge University Press

King, Frank H.H. "The Boxer Indemnity – 'Nothing but Bad,'" *Modern Asian Studies* 40, no. 3 (2006): 668–669.

Koji, Hirata. "Britain's Men on the Spot in China: John Jordan, Yuan Shikai and the Reorganization Loan, 1912-1914," *Modern Asian Studies* 47, no. 3 (2013): 895–934.

Ma, Debin. "Financial Revolution in Republican China during 1900-1937: A Survey and New Interpretation," *Australian Economic History Review* 59, no. 3 (2019): 242–262.

McElderry, Andrea. "Securing Trust and Stability: Chinese Finance in the Late Nineteenth Century," in *Chinese Business Enterprise in Asia*, ed. Rajeswary Ampalavanar Brown. London: Routledge, 1995, 27–44.

Moazzin, Ghassan. "Investing in the New Republic: Multinational Banks, Political Risk, and the Chinese Revolution of 1911," *Business History Review* 94 (2020): 507–534.

Moazzin, Ghassan. "Networks of Capital: German Bankers and the Financial Internationalisation of China (1885-1919)," *Enterprise and Society*, 20, no. 4 (2019): 796–808.

Moazzin, Ghassan. "Sino-Foreign Business Networks: Foreign and Chinese Banks in the Chinese Banking Sector, 1890-1911," *Modern Asian Studies*, 54 no. 3 (2020): 970–1004.

Möring, Maria. "Die Chinesischen Anleihen von 1896 und 1898," *Zeitschrift für Unternehmensgeschichte* 29, no. 3 (1984): 180–184.

Pénet, Pierre, and Juan Flores Zendejas. "Introduction: Sovereign Debt Diplomacies," in *Sovereign Debt Diplomacies: Rethinking Sovereign Debt from Colonial Empires to Hegemony*, ed. Pierre Pénet and Juan Flores Zendejas, Oxford: Oxford University Press, 2021, 1–14.

Rousseau, Jean-François. "An Imperial Railway Failure: The Indochina-Yunnan Railway, 1898-1941," *Journal of Transport History* 35, no. 1 (2014): 1–17.

Sarkar, Benoy Kuman. "The International Fetters of Young China," *Journal of International Relations* 11, no. 3 (1921): 347–368.

Smith, Andrew, and Maki Umemura. "The Defence of Cosmopolitan Capitalism by Sir Charles Addis, 1914-1919: A Microhistorical Study of a Classical Liberal Banker in Wartime," *Business History* 64, no. 9 (2022): 1666–1683.

Skřivan, Aleš, and Aleš Skřivan, "British Interests and the Struggle of Russian and France for Leases and Spheres of Influence in China (1897-1898)," *West Bohemian Historical Review* 11 no. 2 (2021): 147–165.

Skřivan, Aleš, and Aleš Skřivan, "The Financial Battle for Beijing: The Great Powers and Loans to China, 1895-189," *The Historian* 79, no. 3 (2017): 476–503.

Strange, Susan. "The Study of Transnational Relations," *International Affairs* 52, no. 3 (1976): 333–345.

Ven, Hans van de "Globalizing Chinese History," *History Compass* 2, no. 1 (2005): 1–5.

Archives

Archiv des Historischen Instituts der Deutschen Bank (HADB), Frankfurt.
S2592: China – Konsortium für asiatische Geschäfte.
S2607 Chinesische Reorganisations Anleihe.
Bundesarchiv (BA) Berlin
R8024/283: Deutsche-Asiatische Bank AG.
HSBC Archive, London (HSBCA)
HQ LOHII 0076a: China Loans
HQ HSBCG 0002-0006: Chinese Government Obligations.
HQ LOHI 0002: Loans Issued by HSBC and Others in HSBCA
HQ HSBCG 0005-0034: Railways

https://doi.org/10.1017/eso.2024.21 Published online by Cambridge University Press

HQ HSBCH 0520-0003: A Research Report on the Relations of the Hongkong Bank with Germany.
HQ HSBCK 0001: Letters.
HQ HSBCK 0002: Letters.
HQ HSBCK 0003: Letters.
HQ LOHII 0027 001: Private Letters
HQ LOHII 0035: Kansu Loan
Politisches Archiv des Auswärtigen Amtes, (PAAA) Berlin.
RAV 152/291: China.
RAV 152/292: China.
RAV 152/293: China.
RAV 152/298: Chinesische Anleihe.
RAV152/299: Chinesische Anleihen.
RAV 152 / 300: Chinesische Anleihen.
The National Archive (TNA), Kew.
FO 228/2347: Loans.
FO 228/2348: Loans.
FO 228 /2350: Loans.
FO 228 /2354: Loans.

Cite this article: Fitzpatrick, Matthew P. "Globalization or Empire? Revolution, the State, and the Geopolitics of Chinese Debt, 1895–1914." *Enterprise & Society* (2024): 1–27.